IMPERIAL PLAZA ASSOCIATES
(A limited partnership)

STATEMENTS OF INCREASES AND DECREASES IN CASH - TAX BASIS

For the years ended December 31, 1982 and 1981

	1982	1981
Sources:		
Excess of expenses over revenues	$ (181,009)	$ (396,559)
Revenues and expenses not affecting cash in the current period:		
Depreciation and amortization	1,568,628	1,554,936
Net uncollected revenues and unpaid expenses	198,374	13,042
Cash provided by operations	1,585,993	1,171,419
Applications:		
Increase in restricted cash	162,306	101,295
Increase in short term investments	68,749	251,197
Increase in prepaid expenses	20,816	31,199
Additions to property and equipment	77,069	47,889
Reduction in mortgages payable	162,025	131,577
Distributions to partners	903,765	551,531
	1,394,730	1,114,688
Increase in cash	$ 191,263	$ 56,731

See accompanying notes.

NOTES TO FINANCIAL STATEMENTS

December 31, 1982 and 1981

1. Accounting policies

Basis of presentation

Imperial Plaza Associates, a limited partnership, owns and operates an apartment complex in Richmond, Virginia. The Partnership maintains its books and prepares its financial statements on the accounting basis used for income tax purposes which is the accrual basis modified for certain items. Under this method, one-half year's depreciation is recognized in the year of acquisition and in the year of disposal for pre-1981 acquisitions, the Accelerated Cost Recovery System (ACRS) is used for depreciation of fixed assets acquired after January 1, 1981, and certain syndication costs associated with the sale of limited partnership units are not amortized (Note 3). Accordingly, the accompanying financial statements are not intended to present financial position and results of operations in conformity with generally accepted accounting principles.

Property and equipment

Property and equipment is stated at cost. Depreciation for pre-1981 acquisitions is provided using the straight-line method over the estimated useful lives of the related assets as modified above. Useful lives for these assets vary from three years for carpeting to thirty-five years for buildings. For post 1980 acquisitions, depreciation is provided using ACRS guidelines; personal property is recovered over a five year term on an accelerated basis.

Deferred charges

Organizational costs are amortized over a sixty month period. Syndication costs are not amortized.

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NOTES TO FINANCIAL STATEMENTS

December 31, 1982 and 1981

2. Restricted cash

Restricted cash, which is invested in temporary cash investments, consisted of the following at December 31:

	1982	1981
Tenant security deposits	$173,415	$137,310
Contingency reserve	325,537	291,227
Replacement reserve fund	176,838	84,947
	$675,790	$513,484

Tenant security deposits are maintained in separate accounts.

A contingency reserve was established to pay expenses of the Partnership in excess of partnership income and to meet other partnership obligations of an unusual or unforseen nature. The reserve is to be maintained until the sale of substantially all partnership property, but may be terminated with the consent of the general partners. A portion of this reserve ($125,000) was funded by an advance from an affiliate. Interest on that note is an amount equivalent to the earnings from investment of the $125,000.

In compliance with the limited partnership agreement, the Partnership maintains an asset replacement fund to be used to replace or make capital repairs to partnership property.

3. Deferred charges

Deferred charges at December 31 consisted of the following:

	1982	1981
Organizational costs	$164,250	$237,250
Syndication costs	246,000	246,000
Option to purchase land	10,000	10,000
	$420,250	$493,250

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NOTES TO FINANCIAL STATEMENTS

December 31, 1982 and 1981

4. Mortgages payable

Mortgages payable, which are secured by land and buildings, consisted of the following at December 31:

	1982	1981
8 1/2% mortgage, due $80,763 monthly including interest through January 2005	$ 9,638,471	$ 9,781,678
8.9355% second mortgage, due $40,036 monthly, including interest through February 2017	5,247,787	5,266,605
	$14,886,258	$15,048,283

5. Related party

Daniel Realty Corporation, an affiliate of the general and a limited partner and of the holder of the second mortgage, receives a management fee of 5% of gross rents from the property for management services rendered.

6. Income taxes

The accompanying financial statements do not include provisions for income taxes because the taxable income or loss and investment tax credits of the Partnership are included in the tax returns of the partners.

7. Distribution of partnership profits and losses

Profits and losses are distributed to the partners in accordance with the partnership agreement. Generally, profits and losses are allocable 1.01% to the general partners and 98.99% to the limited partners, however, there are several modifying provisions in the partnership agreement which must be considered before the general provision applies.